

Frequently Asked Questions

The Statement of Assurance

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What is the Statement of Assurance?

The Statement of Assurance is an annual report that certifies the Secretary of the Navy's level of reasonable assurance as to the overall adequacy and effectiveness of management controls within the Department. The statement must take one of the following forms:

- statement of assurance (The DON has reasonable assurance that management controls are in place and operating effectively to accomplish the organization's mission.);
- qualified statement of assurance, considering the exceptions reported (The DON has reasonable assurance, with the exception of the material weaknesses identified in this report, that management controls are in place and operating effectively to accomplish the organization's mission.); or
- statement of no assurance (The DON does not have reasonable assurance that management controls are in place and operating effectively to accomplish the organization's mission.).

The report also includes information on the DON's MCP, material weaknesses identified with corrective action plans, and MCP accomplishments.

Who is responsible for the DON's MCP?

The Under Secretary of the Navy directs the MCP and establishes program policy. The Under Secretary has designated the Assistant Secretary of the Navy (Financial Management and Comptroller) (ASN(FM&C)) as the executive agent for the DON's MCP. The ASN(FM&C) has directed the Office of Financial Operations (FMO) to be responsible for the DON's MCP. The FMO develops MCP policy, prepares the DON's Statement of Assurance, and assists DON commands in implementing their MCPs.

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How often is the Statement of Assurance process?

The Statement of Assurance reporting process is done annually.

When is the Statement of Assurance due?

The DON's Statement of Assurance is due to the Office of the Secretary of Defense (OSD) by 15 November of each year.

Every Echelon 1 command is required to submit a Management Control Certification Statement to the ASN(FM&C) FMO by 15 October of each year.

What are the reporting requirements? What do I need to submit?

Each of the Echelon 1 commands is required to submit a certification letter, referred to as a Management Control Certification Statement. They are also required to submit management control accomplishments and material weaknesses identified during the year. These form the basis of the DON's Statement of Assurance.

The Echelon 1 commands determine whether their subordinate commands are required to submit a certification letter with material weaknesses and MCP accomplishments.

To whom do I submit this information? Where does this information go?

An Echelon 2 command or office below an Echelon 1 command submits to their chain of command (i.e., to their Echelon 1 command).

Echelon 1 commands submit their Management Control Certification Statements to the ASN (FM&C) FMO.

The FMO submits the DON's Statement of Assurance to the Secretary of Defense.

The DON's Statement of Assurance becomes public information after it is signed by the Undersecretary of the Navy. It is then used by the Department of Defense to form the DoD's Statement of Assurance.

How do I determine whether a weakness is “material” and should be reported to the next level in the chain of command?

A material weakness must satisfy two conditions:

- Management controls do not provide reasonable assurance that the objectives of the Management Control Program are being met.
- The weakness requires the attention of the next higher level of management.

The following list can be used to assist in deciding whether or not a weakness is material, and therefore warrants reporting to the next level of command:

- Impaired fulfilment of mission or operations
- Magnitude of funds, property, or other resources involved
- Frequency of actual or potential loss
- Current or probable Congressional or media interest
- Actual or potential loss of resources
- Sensitivity of resources involved
- Unreliable information causing unsound management decisions
- Violations of statutory or regulatory requirements
- Diminished credibility or reputation of management
- Deprivation of needed Government services to the public
- Impact on information security

“Material to the DON” (i.e., warrants reporting to the Secretary of Defense) is the final determination of whether a material weakness is to be included in the annual Statement of Assurance.

Where can I find a copy of the DON's previous years' Statements of Assurance?

To view a copy of the DON's previous years' Statements of Assurance, please click on the following link: <http://www.fmo.navy.mil/operations/operations.htm>.